



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

July 31, 2006

VIA FACSIMILE AND FIRST-CLASS MAIL

Christopher Rolando, treasurer
Arizona Supports Rick Murphy
2068 McCulloch Blvd
Lake Havasu City, AZ 86403
Fax: (413) 556 - 2588

RE: MUR 5777

Dear Mr. Rolando:

On July 27, 2006, the Federal Election Commission found that there is reason to believe Arizona Supports Rick Murphy and you, in your official capacity as treasurer, violated 2 U.S.C. § 434(b)(4), a provision of the Federal Election Campaign Act of 1971, as amended (the "Act"). This finding was based upon information ascertained in the normal course of carrying out its supervisory responsibilities. *See* 2 U.S.C. § 437g(a)(2). The Factual and Legal Analysis, which more fully explains the Commission's findings, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred .

Please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. *See* 18 U.S.C. § 1519.

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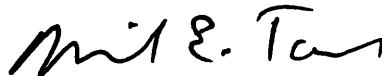
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Roy Q. Luckett, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Michael E. Toner
Chairman

Enclosures
Factual and Legal Analysis

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1 **FEDERAL ELECTION COMMISSION**

2 **FACTUAL AND LEGAL ANALYSIS**

3
4 **RESPONDENTS:** Arizona Supports Rick Murphy and MUR 5777
5 Christopher Rolando,
6 in his official capacity as treasurer
7

8 **I. INTRODUCTION**
9

10 This matter was generated by the Federal Election Commission ("Commission") pursuant to
11 information ascertained in the normal course of carrying out its supervisory responsibilities.

12 **II. FACTUAL AND LEGAL ANALYSIS**

13 **A. Factual Background**

14 Arizona Supports Rick Murphy (the "Committee") is the principal campaign committee of
15 Rick Murphy, a 2004 candidate in Arizona's Second Congressional District. In its initial Pre-
16 Primary Report, which was filed on August 27, 2004, the Committee reported disbursements of
17 \$1,769.48 on Line 17 (Operating Expenditures) of the Detailed Summary Page. Subsequently, on
18 February 4, 2005, the Committee filed an amended Pre-Primary Report, which disclosed
19 disbursements of \$278,565.73 on Line 17 (Operating Expenditures) of the Detailed Summary Page,
20 an increase of \$276,796.25 from the initial report.¹

21 On March 16, 2005, the Reports Analysis Division ("RAD") sent a Request for Additional
22 Information ("RFAP") to the Committee regarding the increased disbursements. On March 25,
23 2005, the Committee filed a miscellaneous electronic submission with the Commission, stating that:
24

¹ The Pre-Primary Report was further amended on March 22, 2005 and January 13, 2006, with the same information on Line 17 as the first amended Pre-Primary Report.

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1 Shortly before February 4, Aristotle, the campaign software we use,
2 notified us that their software was causing errors. We are not sure
3 what the software error was. Aristotle will be able to answer that.
4 When they fixed their software error, we amended every report since
5 the beginning of the campaign to ensure correct figures.
6

7 Subsequently, a RAD analyst told the Committee's treasurer, Christopher Rolando, that the
8 Committee could submit an explanation from Aristotle regarding the software issue that would be
9 included in RAD's referral to the Office of General Counsel.

10 On June 27, 2005, Mr. Rolando called the RAD analyst, and stated that Aristotle would not
11 agree to submit a document explaining the problem. He further stated that in conversations with
12 Aristotle, it had become evident that the Committee as well as Aristotle, had made mistakes. In a
13 letter to the Commission dated June 29, 2005, Mr. Rolando stated "[a]lthough Aristotle will not take
14 responsibility for the error directly, all the blame does not belong with them." He then attempted to
15 explain the situation in more detail. According to Mr. Rolando:

16 Following the receipt of [the RFAI] we went back and noted
17 the massive increase in expenses as noted. Immediately after finding
18 the mistake we went back and looked for the errors. To be honest, we
19 found about \$10K in errors, but not the over \$240K in errors that
20 showed in the bottom line, represented by 92 separate transactions. But
21 then in a line by line search of entries we noted a large number of
22 transactions missing....
23

24 In our conversation with Aristotle, we kept returning to how this
25 could have happened. Entire records were missing as well as data entries.
26 The only answer that we could get is that we could have been working in
27 two databases, one on the local machine and the other on the Aristotle
28 servers. If this were the case, this would explain how transactions could
29 have disappeared. According to Aristotle, this could happen with a simple
30 clicking or un-clicking of one check box. While I cannot 100% confirm this
31 is what we did, it is the only reasonable explanation of what could have gone
32 so wrong.
33

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1 *Id.* Nonetheless, the treasurer accepted responsibility for his part in the Committee's filing of the
2 inaccurate Pre-Primary Report, noting that:

3 In addition to the obvious error stated above is the fact that I did not
4 check the report the way I should have before finalizing it with Aristotle.
5 Being my first campaign ever, I did not familiarize myself enough with the
6 forms and what totals meant. To an outsider the forms are quite confusing,
7 and while I thought I understood what I was looking at I obviously did not.

8
9 It is obvious by the speed at which we moved to make these corrections
10 that there was no intent to hide anything. We just plain and simple screwed up
11 the software somehow and did not read the bottom line before hitting submit.

12 **B. Analysis**

13 The treasurer of a political committee must file reports in accordance with the Act.

14 2 U.S.C. § 434(a)(1). A political committee is required to file a pre-election report no later than the
15 12th day before any election in which the candidate is seeking election, or nomination for election.

16 2 U.S.C. § 434(a)(2)(A)(i). Such report shall disclose the total amount of disbursements by the
17 committee. 2 U.S.C. § 434(b)(4).

18 The Committee did not comply with reporting requirements when it failed to disclose
19 an additional \$276,796.25 in disbursements in the original Pre-Primary Report, which was filed on
20 August 27, 2004. This critical information in an election-sensitive report, which constituted a
21 15,647% increase in disbursements, was not disclosed until over five months after the original
22 report was filed, and well after the election. Additionally, as noted above, while there may have
23 been software or data entry problems, the Committee concedes in its June 29, 2005 letter that it
24 erred in not adequately checking the report before submitting it to the Commission.

25 Therefore, there is reason to believe that Arizona Supports Rick Murphy and Christopher
26 Rolando, in his official capacity as treasurer, violated 2 U.S.C. § 434(b)(4).

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